

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EA-10 FRB-03 INR-07 IO-13 NEA-10 NSAE-00
USIA-06 OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01
AGRE-00 OMB-01 SS-15 XMB-02 L-03 NSC-05 STR-05
/117 R

DRAFTED BY EB/IFD/OMA:CHERVIN
APPROVED BY EB/IFD/OMA:JABWINDER
TREAS:PO'CONNELL
EUR/WE:KSMITH
EUR/NE:DGOODMAN
-----114884 090413Z /23

R 022244Z DEC 77
FM SECSTATE WASHDC
TO AMEMBASSY STOCKHOLM
AMEMBASSY VIENNA
INFO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CARACAS
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
AMEMBASSY LISBON

C O N F I D E N T I A L STATE 288430

E.O. 11652:GDS

TAGS: EFIN, PO
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SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

REF: (A) STOCKHOLM 5022, (B) VIENNA 10224 (NOTAL)

1. NEGOTIATIONS ARE EXPECTED TO BEGIN SOON BETWEEN THE
U.S. AND PORTUGAL ON THE \$300 MILLION BALANCE OF PAYMENTS

LOAN. NO DATE HAS YET BEEN SET FOR DISBURSEMENT OF THE FIRST TRANCHE OF \$200 MILLION.

2. AS ADDRESSEES ARE AWARE THE LANGUAGE OF THE PROPOSED U.S. LOAN AGREEMENT PROVIDES FOR AN INITIAL DISBURSEMENT OF \$200 MILLION TO PORTUGAL UPON RECEIPT OF A LETTER FROM THE IMF MANAGING DIRECTOR INDICATING THAT IN HIS OPINION PORTUGAL IS NEGOTIATING "IN GOOD FAITH" FOR A SECOND CREDIT TRANCHE DRAWING. WE ARE TAKING CARE NOT TO DISRUPT EFFORTS TO REACH AN AGREEMENT ON THE SECOND CREDIT TRANCHE.

3. THE IMF NEGOTIATING TEAM HAS TOLD US THAT THEY HAVE REACHED TECHNICAL AGREEMENT WITH PORTUGAL ON THE MAJOR AREAS OF PERFORMANCE FOR A SECOND CREDIT TRANCHE PROGRAM, AND THAT AS SOON AS POLITICAL CONSENSUS IS REACHED IN PORTUGAL THE IMF TEAM WILL RETURN TO NEGOTIATE THE SPECIFIC PERFORMANCE COMMITMENTS. OUR UNDERSTANDING IS THAT THE MANAGING DIRECTORS MAY BE PREPARED TO INDICATE THAT NEGOTIATIONS IN GOOD FAITH ARE PROCEEDING FOLLOWING THE TEAM'S RETURN TO LISBON. THE IMF EXPECTS TO RETURN TO LISBON PRIOR TO MID DECEMBER.

4. FOR STOCKHOLM. IT IS OUR UNDERSTANDING THAT FRG HAS LAID GROUNDWORK FOR LOAN WITH GERMAN BANKS, BUT THAT NEGOTIATIONS WITH PORTUGAL ARE BEING DELAYED UNTIL CONCLUSION OF PORTUGUESE NEGOTIATIONS WITH THE IMF ON THE CONFIDENTIAL

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SECOND CREDIT-TRANCHE STAND-BY SEEMS IMMINENT. VANCE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC ASSISTANCE
Control Number: n/a
Copy: SINGLE
Sent Date: 02-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Litigation History:
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